

EXHIBIT A

Airsec Sales Overview

This project plan will serve as an overview of our past and current sales of Airsec products, and what need to be done to increase our sales in North America.

SALES HISTORY

SALES					
Sales				June 30th	
1998	1999	2000	2001	2002	2002 Projected
\$ 353,002.00	\$ 740,100.00	\$ 665,287.36	\$ 931,990.96	\$ 319,065.33	\$ 638,130.66

1. OVERVIEW

Prior to 2002, we started to see gradual growth of Airsec product sales in North America. Many of the projects that required long term validation came to completion and the future sales for tubes and desiccant stoppers looked promising. By the end of 1999 we obtained Home Diagnostics, Diagnostic Solution, LXN, and many smaller companies. Total annual sales would have reached over \$1.8 million U.S. in 2002.

When Capital Specialties entered the market with a tube that contains injection molded desiccant with an easy-to-open flip top cap, they were received by the market with open arms. One of the continued issues from test strip manufacturers is that they received continued complaints from consumers regarding the difficulty of removing and inserting the cap on traditional tubes and stoppers. Many of the complaints come from the elderly.

Capital Specialties offered a solution that would give manufacturers a marketing tool that would give them an advantage in the market. With the patent that Capital Specialties has on their injection molded products, many of the projects that we were working on had to be stopped until legal resolution was completed. To date, we are not able to push our 2AP technology until patent issues are resolved. With the market going to the new tube with injection molded desiccant and hinge cap our sales growth will continue to decline. The attachment below is our 2000, 2001 and 2002 year-to-date sales history by customer and product for your review.



Airsec product sales by
custom...

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2. MARKET ANALYSIS

The market pressures to reduce costs to be competitive, and to offer packaging solutions that will meet cost constraints, but also set them apart from their competition, is a major driving force, Particularly in the diagnostic, nutritional, and pharmaceutical industries. The following is a description of each industry, and what growth opportunities are available, what our competition is doing to meet the above requirements, and what we must do to counter act if we want to regain market share.

2.1 DIAGNOSTIC/BIOTECH INDUSTRIES:

The diagnostic/biotech industry is still a strong growing industry domestically and worldwide even during current low economic times, specifically for innovative packaging. This industry has estimated sales of \$15-25 billion. The use of lateral flow test strips, which are often sold as strips or are put into plastic housings such as the commonly used pregnancy test kits, is increasing. The industry found that the need to keep chemically sensitive material dry is critical in obtaining the desired shelf life. With the increase in technology, many companies have been able to introduce the following diagnostic test strips into the market:

- Diabetes
- Pregnancy
- Drug abuse
- Strep
- Ovulation
- Infectious diseases
- Alcohol abuse
- Cancer
- Environmental
- Chlorine (pool and spa testing)
- And many more.

With the continued growth of test strip technology the need to for a tube or dispensing type unit will continue to grow.

TUBE / DESICCANT STOPPER (HINGE CAP / DESICCANT POLYMER)

The diagnostic/biotech industry is growing and changing daily, and so are their needs. Most test strips are packaged in tubes with desiccant stoppers, or bulk packaged in foil bags. In the last 2 years many test strip manufacturers have switched to the Capital Specialties' easy-to-open tube with hinge cap that is injection molded with desiccant polymers. Another smaller emerging market for the tube and stopper is the nutritional industry, primarily for effervescent tablets. The market for tubes and stoppers or tube with hinge cap that is injected molded with desiccant polymer in North America is estimated at \$12,000,000.00 plus. This does not include potential sales with injection molded polymer desiccant products, like test kits, discussed later in this report.

The following is a list of existing accounts and target accounts.

2.3 CUSTOMERS / TARGET ACCOUNTS

The following is a list of high volume tube users of tube and stopper products that we are servicing, and others that we have targeted.

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1. **LXN** is located in San Diego, CA, and manufactures **Express View** glucose strips. LXN entered the market in 1998 and is a fast growing company with strong growth potential. They are currently purchasing our 24.01 x 64mm black tube and 24.9mm extended lip stoppers. They expect to purchase tubes and stoppers this year with a total sales projection in 2002 of LXN has been purchased by LifeScan / Inverness, a division of Johnson and Johnson. They are not sure what LifeScan's plans are for LXN. The LXN management believes that LifeScan will allow them to move forward with their products. Estimated sales in 2003 could be tubes and stoppers. Annual sales are estimated at (they are interested in the tube/hinge cap).
2. **Diagnostic Solutions** is located in Orange, CA and manufactures glucose strips. They currently purchase of our 24.01 x 64mm black tubes, and 24.8 extended lip stoppers with molecular sieve a year. They are very interested in the Capital Specialties type tube with hinge cap. Annual sales are approximately
3. **Chimera Research** is located in Asheville, NC, and manufactures **Adulta Check**, which is a test strip that checks to see if a person has tampered with their urine during a drug test. They have finished validation on our 27 x 143mm tubes and 27mm stoppers, and have placed their first order for sets. This product will be sold worldwide. Product launch has taken much longer than anticipated, but they expect to see sales of tubes and stopper in 2003 with annual sales of
4. **Chapawatt** is located in Northern California and has introduced **Airborn**, which is a nutritional, herbal effervescent tablet. They have received strong recommendations from the FDA, and are now selling this product in Wal-Mart, Airport stores, and many of the discount stores. They are expecting to sell 27 x 85mm tubes and stoppers in 2003. Due to complaints from consumers regarding the difficulty of removing and inserting our desiccant stopper, Rider started purchasing stoppers from Sanner. We are currently working on getting this business back. Annual sales are estimated at They may also be interested in a tube with hinge cap.
5. **Home Diagnostics** is located in Florida and manufactures glucose strips. They purchase approximately tubes/hinge caps that contain injection-molded desiccant from Capital Specialties. Tube size is approximately 24mm x 69MM. We lost this account based on Capital Specialties product. Annual sales are estimated at
6. **LifeScan** is located in Northern California and manufactures glucose strips. They package their strips in Puerto Rico. They are currently purchasing approximately 24mm x 64mm black tubes with extended lip stoppers at a set, and blow molded plastic bottles with screw-on desiccant caps at a set from Wheaton/Sanner. LifeScan owns the molds that are used for the above containers. LifeScan is a long-term target account that is pleased with their current supplier. They have visited our plant in France. Potential annual sales are Capital Specialties is working with LifeScan with their tube and hinge cap.

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7. **Roche** is located in Indianapolis, IN and is currently purchasing tubes and stoppers a year from Wheaton / Sanner for their glucose test strips. Annual Sales are estimated at . They have a new product they are bringing into the market. The product is a tube shaped canister that contains test trips that insert into an electronic reader. I am waiting to receive a sample to see if this tube/canister is made by Capital Specialties since they have been working with Roche.
8. **Drummond** is located in New Jersey, and manufactures capillary tubes. They are currently purchasing 24.1mm x 90mm tubes and stoppers. The stoppers contain 90% white and 10% blue indicating silica gel, which they purchase from Multisorb. Estimated purchasing price is . per tube and stopper set. For us to obtain this business we would need to manufacture a 24 x 90mm tubes, as their packaging was designed for this tube size. They may also be interested in a tube with hinge cap. Estimated annual sales is .
9. **Brause Health** is located in Fort Lauderdale, FL and is selling Lifizz, a nutritional effervescent tablet, in the United States. They are currently having their product manufactured in Germany. They also purchase their tubes and stoppers in Germany. It appears that they may be purchasing them from Sanner in Germany, and Sarnatech in Switzerland. We are still working with them to switch to our tube and stopper, but they don't want to make the change until they start manufacturing in the U.S. I don't expect them to begin manufacturing in the U.S. until mid 2003. They currently use . 27 x 143mm tubes and stoppers a year, which is much less than previously forecasted. Annual sales are estimated at . They may also be interested in a tube with hinge cap.

The attachment below is a list of more long-term projects.



Airsec Projects
2002.xls

2.4 TEST KIT HOUSING

There is a continued need to have many diagnostic test strips protected in a plastic housing due to cosmetic and functionality purposes. All of these companies are working to reduce the size of the kit and entire package, while still giving the protection needed by the use of a desiccant. Many manufacturers have opted to incorporate a desiccant in the housing. This is where the desiccant tablet or a small desiccant packet is playing an important role. Existing accounts, and many start-up kit manufacturers, are engineering a place within the housing of the kit to insert a desiccant. Even though a desiccant tablet or a small packet has been used within the housing of test kits for many years, there is a strong desire within these companies to eliminate the desiccant. The cost savings by eliminating desiccant would be the costs of an insertion machine, labor cost, desiccant costs, storage of desiccant, etc.

The positive news for desiccant manufactures is that there appears to be no way to eliminate a need for a desiccant without affecting shelf life and integrity of the product. So one way to improve manufacturing process is by injection molding desiccant directly into the housing of the diagnostic kit. Following is a list of target accounts for this technology.

Customers	Estimated Housing requirements	Estimated selling price of housing	Total
Abbott	REDACTED		
Quidel			
Syntron			
Applied Biotech			
Princeton			
Acon Labs			
Scantibodies			
Wyntek			
Total			\$ 4,725,000.00

It is also important to note that most of these companies may be able to use an injection-molded tablet. I continue to see an opportunity for any company that can manufacture test kit housings with the desiccant as part of the housing.

There is strong growth potential for our products. The following is a quote from the June issue of IVD Technology.

"Diagnostic test strips are everywhere these days. And much like the universe, the market for these products continues to expand at an astronomical pace. But when the manufacturer of such a lateral-flow assay suddenly finds that it has more customers than it could ever have imagined, it can also find that scaling up to meet the demands of success can be an undertaking of galactic proportions.

The biggest difficulty for a company deciding to scale up its test-strip (kit) manufacturing process is often a failure to see the big picture. Too often a product is designed, and its manufacturing processes developed and validated, with little or no thought to the growth of the product or how it will be manufactured in large volume." The article goes on to mention desiccant tablets.

3.0 COMPETITION

1. **Capitol Specialties Plastics Inc.** is located in Auburn, AL, and is where they manufacture their products. They also have an office in New York and a new manufacturing site in Europe. They manufacture injection molded polymer products such as tubes, tablets and other preforms that contain desiccant within the polymer, which is similar to our 2AP material. They are a very aggressive company and are looking to expand their products worldwide.

Market Share:

- We are seeing Capitol Specialties market their injection molded polymer desiccants aggressively. According to the information we have received Capitol is currently supplying their injection molded desiccant material to Corning, Inc., Roche, Glaxo-SmithKline, M & M Mars, Home Diagnostics, Inverness, and possibly LifeScan, a J&J company. They are now taking their technology to the diagnostic industry, and are very successful in replacing the standard tube and desiccant stopper market with their tube that has a hinge cap, with injection molded desiccant as part of the tube.
- They are our primary competitor in the North American market. Unless we are able to come up with our version of a tube with hinge cap with desiccant polymer we will continue to lose sales.

Pricing Strategy:

- Over the last two years they have become very competitive with pricing on their tubes with hinge cap and injection molded desiccant, when compared to our standard tubes and stoppers. They appear to want large market share to make up for having to reduce their pricing to enter the market. It is clear the market's demand for low costing packaging has affected the selling price of their product.

Products:

- Capital Specialties' biggest threat are the tubes and stoppers, and injection molded products. They are our primary competitor in the North American market. Unless we are able to come up with our version of a tube with hinge cap with desiccant polymer, or a new strip-dispensing device, we will continue to lose market share.
3. **The Lawson Mardon Group**, is an international organization estimated to be an 80 billion-dollar company, now owns Wheaton, with their many divisions in the United States. The Wheaton division in Puerto Rico manufactures injection and blow molded products. They have entered the market with injection-molded tubes and desiccant stoppers, along with a blow-molded bottle and screw-on desiccant cap. It is not known at this point how many sizes they manufacture. During the Nutri Pack show in Anaheim, CA they presented three different size tubes with desiccant stoppers. We know that they are currently servicing LifeScan, Boehringer Mannheim, and partially servicing Home Diagnostics. They have an agreement with Sanner who supplies the desiccant stoppers to Wheaton. It is not known for sure, but it appears that Sanner has set up production for the desiccant stoppers at the Wheaton plant in Puerto Rico.

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Market Share:

- Wheaton currently has approximately 50% of the United States tube and desiccant stopper market. They service LifeScan, a division of J&J, with approximately 24 x 64mm black tube and stoppers, and bottles with screw-on desiccant caps. Lifescan owns all the molds. They also service Roche in Indiana with tubes and stoppers, and in part, Home Diagnostics.

Pricing Strategy:

- Wheaton has not been very aggressive with their sales efforts with the tubes and desiccant stoppers, but their pricing is very competitive. For example, LifeScan purchases a 24 x 64mm tube and extended lip stopper at per tube/stopper, and blow molded bottles with screw-on desiccant cap at per bottle/cap with an estimated business of . There have been rumors that they may not want to be involved in this business anymore, because it doesn't fall within their global plan.

Products:

- Wheaton manufactures injection and blow molded tubes, stoppers, bottle caps, and many other products. The tube and desiccant stopper product line is a very small portion of their business. Their sales for the tubes and desiccant stoppers, when you combine the Sanner stopper, is over in the United States.

Competitive advantage and disadvantage:

- Wheaton, being part of the Lawson Mardon group, has the financial backing to make it hard for anyone to compete. They also have the ability, if they so desire, to manufacture desiccant washer/inserts for screw-on caps, but it appears that this is not a direction that the company wants to go. They would need to invest in desiccant filling equipment and in people who understand desiccant products.
 - During a conversation I had with a Wheaton Sales and Marketing Representative, he told me that Wheaton eventually may want to divest itself of the tube and stopper business. The reason given was that this business did not fall within Wheaton's core competency. (Now with CSP aggressively going after the tube and stopper business, we may see the Lawson Mardon group divest itself from this business in the future).
4. Sanner is located in Germany, and has a sales office in New Jersey. They offer a wide range of injection-molded tubes and desiccant stoppers. They have entered the United States market with the help of Wheaton. Wheaton injection molds the tubes, and Sanner injection molds and fills the stoppers with desiccant. They are servicing LifeScan, Roche, and Wyntek. With the help of Wheaton, Sanner has become one of the big suppliers of desiccant stoppers in the United States. Known business is estimated at : annually.

Market Share:

- Sanner's market share is currently based on what they actually provide Wheaton for the Lifescan and the Roche businesses in the United States, which is substantial. I am estimating that they currently supply the United States and Canada with 55% of the desiccant stoppers that fit into the tubes. Wheaton manufactures the tubes. Sanner is aggressively pursuing the United States and Canadian market with their tubes and desiccant stoppers, and washer inserts that can be used inside a screw-on desiccant cap, along with their own screw-on desiccant caps. They have been trying to obtain some of the same accounts we are working with. Sanner has been advertising their products to the United States and Canadian markets.

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Pricing Strategy:

- With the current business that Sanner has with Wheaton pricing has been aggressive. For a 24x64mm black tube and stopper, the selling price to the end user has been between
They have not been as aggressive with their pricing on new accounts, and I have found that we have been competitive. It is not certain what Sanner's strategic market and sales plan is. I would assume that they would like to get more of the North American business.

Multisorb is located in Buffalo, NY. In the last two years we have seen very little effort from Multisorb to regain, or go after new tube and stopper business. Approximately ten years ago they had 70% of the tube and stopper market. Multisorb was distributing Sanner's tubes, and making their own stoppers. Current Market share is estimated at 5%. They are no longer a major player in the tube and stopper market.

3.0 DISTRIBUTION CHANNEL

Diagnostic Industry

The majority of this market is sold direct. This industry is very competitive and ever changing, and needs the expertise of the manufacturer. Our competition also sees this as an important issue, and has employed itself to handle this industry primarily direct.

Nutritional/Pharmaceutical Industry

This industry is primarily serviced direct because of the competitive pricing structure needed to keep the business. Those who purchase through distribution purchase from companies that can supply desiccants, bottles, cotton, and all the components to meet one-stop shopping. You will find that these types of distributors, such as Richard Packaging and Tri-Core Braun are manufacturers of one or more of the components that the end user needs, such as bottles and caps. This is the type of distributor that is needed in this industry. Pricing is very sensitive in this market.

4.0 SUCCESSFUL MARKET APPROACH

For us to regain market share and grow the Airsec products in North America we will need to be able to compete with Capital Specialties on a desiccant tube with hinge cap that contains injection molded desiccant. Having this product will allow us to increase our sales in a growing market.

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We have already set Jean Woynicki apart as our Airsec Specialist who is working with our pharmaceutical customers introducing them to our packaging technologies. She has a number of long term projects within this industry that look promising for future growth.

Our sales team is working with a number of smaller diagnostic companies that are validating our current tubes and stoppers with their test strips.

We are also promoting the Airsec capsules as an alternative to our canisters. Our goal is to have two canisters validated. This will increase our sales for the Airsec capsules.

For us to seriously grow this business with the Airsec technology, we need to be able to offer the following products:

- Tube with hinge cap that has injection molded desiccant in the tube.
- Canisters made out of injection molded polymer desiccants. This will be a product that we can offer our pharmaceutical customers for future drug moisture protection.
- Tablets made out of injection molded polymer desiccants.
- Specialized products, much like the desiccant insert that sits into the neck of the bottle. We have a few products that have special requirements. These projects are primarily long term but offer great returns once they are accepted.

5.0 SUMMARY

For us to seriously grow the market with the Airsec technology we will need to overcome the patent issues we have with Capital Specialties. Unless we are able to bring out a product that would be superior to their injection molding desiccant products, we are going to have a very difficult time growing this part of our business, unless we can offer a similar technology. The future growth into the industries above will require technology that CSP and Süd-Chemie /Airsec have.